

## Message Text

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ACTION EB-11

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FM AMEMBASSY CONAKRY

TO SECSTATE WASHDC PRIORITY 8886

UNCLAS CONAKRY 1143

E.O. 11652: N/A

TAGS : EFIN

SUBJECT : INVESTMENT INFORMATION FOR 1974 FACT BOOK

1. REGRET DELAY IN SUBMISSION FOLLOWING INFORMATION FOR FY-1974 INVESTMENT FACT BOOK HOWEVER EMBASSY WAS WITHOUT AN ECONOMIC OFFICER FOR THREE MONTHS AND NEW OFFICER JUST ARRIVED. FIGURES FOR INVESTMENT ALSO NOT EASILY OBTAINABLE HERE.

2. INVESTMENT CLIMATE. THE REPUBLIC OF GUINEA HAS A POLICY OF BROAD COOPERATION WITH FOREIGN GOVERNMENT AND PRIVATE INVESTORS. PRIVATE INVESTORS REPRESENTING LARGE AMERICAN, JAPANESE AND WESTERN EUROPEAN ENTERPRISES AS WELL AS THE GOVERNMENT OF THE SOVIET UNION AND OTHER COMMUNIST AND NON-COMMUNIST GOVERNMENTS ARE ALREADY SUCCESSFULLY ENGAGED IN LARGE AND MEDIUM SCALE JOINT INVESTMENT PROJECTS WITH THE GUINEAN GOVERNMENT. OPIC HAS GRANTED A TOTAL OF \$156.9 MILLION IN POLITICAL RISK INSURANCE TO AMERICAN FIRMS, NONE OF WHICH HAS BEEN CLAIMED.

3. A NEW FIVE-YEAR PLAN IS EXPECTED TO BE ANNOUNCED IN THE COMING MONTHS AND ADDITIONAL FOREIGN INVESTMENT IS BEING SOUGHT IN CONNECTION WITH THE PLAN PARTICULARLY IN THE FIELDS OF AGRICULTURE AND STOCK RAISING AND RELATED INDUSTRIES, COMMERCIAL FISHERIES AND MINING. GUINEA HAS THE WORLD'S LARGEST KNOWN BAUXITE DEPOSITS, AN ESTIMATED 12 BILLION TONS OF IRON ORE AND DIAMONDS OF BOTH GEMSTONE AND INDUSTRIAL QUALITY. THE GOVERNMENT IS INTERESTED IN SEARCHING FOR PETROEUM AND HAS HAD DISCUSSIONS WITH US FIRMS

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FOR OFFSHORE PROSPECTING. THERE IS AN INVESTMENT CODE WHICH

CAN BE OBTAINED FROM GUINEAN EMBASSIES ABROAD OR FROM THE  
MINISTRY OF ECONOMY AND FINANCE AT CONAKRY.

4. AGREEMENTS CONCLUDED WITH FOREIGN INVESTORS HAVE BEEN FOR  
MIXED COMPANIES IN WHICH THE GUINEAN GOVERNMENT HAS 49-51  
PERCENT OWNERSHIP AND A SHARE OF THE PROFITS. ALL AGREEMENTS  
PROVIDE FOR A PROGRESSIVE POLICY OF TRAINING GUINEANS TO FILL  
JOBS AT ALL LEVELS. INVESTORS WHOSE PRODUCTS EARN FOREIGN  
CURRENCY ARE ALLOWED TO REMIT THEIR PROFITS ABROAD, ALTHOUGH  
THE GUINEAN CURRENCY IS NOT FREELY CONVERTIBLE. LOCAL PROCURE-  
MENT OF RAW MATERIALS AND INTERMEDIATE INPUT IS RESTRICTED  
ONLY BY AVAILABILITY.

5. WITHIN THIS FRAMEWORK A VARIETY OF ARRANGEMENTS ARE  
POSSIBLE AND THE GUINEAN GOVERNMENT IS FLEXIBLE IN MAKING  
AGREEMENTS. SINCE ALL GOVERNMENT POWERS ARE CONCENTRATED  
IN THE EXECUTIVE THIS IS NOT DIFFICULT. SPECIFIC INCENTIVES,  
RESTRICTIONS, TAXES AND LOCAL EMPLOYMENT RULES ARE NEGOTIABLE.  
GUINEA DOES NOT BELONG TO ANY REGIONAL ECONOMIC GROUPING,  
HAS NO REVERSE PREFERENCE AGREEMENTS AND NO ANTI-TRUST LAWS.  
BASED ON PAST EXPERIENCE, ONCE AN AGREEMENT HAS BEEN MADE  
FOREIGN INVESTORS CAN COUNT ON THE GUINEAN GOVERNMENT LIVING  
UP TO IT AS LONG AS THE OTHER SIDE RESPECTS IT. THE KEY TO  
SUCCESSFUL FOREIGN INVESTMENT IS TO ESTABLISH RELATIONS OF  
MUTUAL CONFIDENCE WITH THE GOVERNMENT AND TO JUDGE THE GOVERN-  
MENT BY ITS ACTION.

6. THE EMBASSY ESTIMATES CURRENT (NOT 1971, WHICH IS NOT  
AVAILABLE HERE) TOTAL AMERICAN INVESTMENT IN GUINEA TO BE  
ABOUT \$310 MILLION AT COST VALUE (BOOK VALUE NOT AVAILABLE  
HERE). INVESTMENT IN THE EXTRACTIVE INDUSTRIES ACCOUNTS FOR  
ABOUT \$305 MILLION OF THIS FIGURE. THE REMAINING \$5 MILLION  
IS INVESTED IN THE DISTRIBUTION AND SALE OF POL PRODUCTS.  
INFORMATION CONCERNING NET CAPITAL OUTFLOW, AND INTEREST,  
DIVIDENDS AND BRANCH EARNINGS IS NOT AVAILABLE IN CONAKRY.  
THE ONE LARGE MINING ENTERPRISE ALREADY IN FULL PRODUCTION  
RE-INVESTS ABOUT \$1 - 1.5 MILLION PER YEAR OF WHICH THE US  
INVESTORS SHARE WOULD BE 48.5 PERCENT.

7. THERE IS NO GUINEAN INVESTMENT IN THE UNITED STATES OF WHICH  
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THE EMBASSY IS AWARE.

8. HARD FIGURES ON TOTAL FOREIGN DIRECT INVESTMENT ARE NOT  
AVAILABLE IN GUINEA. HOWEVER, THE EMBASSY ROUGHLY ESTIMATES  
THE FRENCH INVESTMENT AT ABOUT \$110 MILLION, THE SOVIET  
UNION'S AT ABOUT \$95 (AT OFFICIAL EXCHANGE RATES) MILLION,  
AND THE SWISS INVESTMENT AT ABOUT \$55 MILLION. THE INVEST-  
MENTS OF THESE THREE COUNTRIES ARE ALSO CONCENTRATED IN THE

MINERALS SECTOR.

9. TOTAL FOREIGN INVESTMENT INCLUDING AMERICAN WOULD BE  
ABOUT \$570 MILLION AT COST.  
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